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RR RUEHMA RUEHPA
DE RUEHUJA #2177 2831453
ZNR UUUUU ZZH
R 101453Z OCT 07
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 1170
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHOS/AMCONSUL LAGOS 8058
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS ABUJA 002177

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT PASS TO USTR LAGAMA
TREASURY FOR RICHARD HALL/DAN PETERS
USDOC FOR 3317/ITA/OA/KBURRESS AND
3130/USFCS/OIO/ANESA/DHARRIS

E.O. 12958: N/A
TAGS: [EFIN](#) [EPET](#) [ECON](#) [PGOV](#) [PREL](#) [NI](#)
SUBJECT: NIGERIA ADJUSTING OIL REFERENCE PRICE IN 2008
BUDGET

REF: A. ABUJA 01954

[¶](#)B. ABUJA 01973

SENSITIVE BUT UNCLASSIFIED -- PLEASE HANDLE ACCORDINGLY.

[¶](#)1. (SBU) The GON has announced that it plans to use an oil reference price of USD 53.8 per barrel in the upcoming 2008 Budget for allocations to the Excess Crude Account (ECA). The upcoming budget will make more conservative assumptions regarding oil production to take into account supply disruptions in the Niger Delta. The GON's goal is to ensure adequate support for government expenditures while contributing to the ECA. The Finance Minister has admitted that Nigeria's ECA is "Extra-Constitutional." Nonetheless, for the moment state governors are not actively challenging the ECA contributions (which otherwise would go in part to them).

[¶](#)2. (SBU) The Central Bank of Nigeria announced October 2 that foreign currency reserves had reached USD 46.7 billion. The CBN considers that level of reserves adequate for up to 25 months of imports. Using a different set of measures for oil industry-related imports, the IMF considers Nigeria's reserves adequate for 13 months. Both IMF Rep and World Bank Country Director told Econcouns that they consider the current pace of reserves accumulation to be healthy and on track.
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